

41st



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Board of Directors : Mr. V.K. Surendra - *Chairman*
Mr. A. Hishikawa
Mr. R. Subramanian
Mr. M.K. Bannerjee
Mr. V. Ramachandran
Mr. K.K. Rai
Mr. V.P. Mahendra - *Managing Director*
Mr. B.C.S. Iyengar - *Executive Director*
Mr. V.V. Pravindra - *Dy. Managing Director*

**Company Secretary
and Compliance Officer** : Mr. Subash B.K.

Auditors : M/s. Brahmayya & Company
10/2, Khivraj Mansion,
Kasturba Road, Bangalore - 560 001

Cost Auditors : M/s. Rao, Murthy & Associates
No.23/33, Surveyor's Street
Basavanagudi, Bangalore - 560 004

Bankers : M/s. Canara Bank
M/s. State Bank of India

Legal Advisers : M/s. M & C Partners
Advocates & Solicitors
2, Frontline Grandeur
14, Walton Road, Bangalore - 560 001

Regd. Office : Plot No.1, Dyavasandra Industrial Layout,
P.B.No.4801, Whitefield Road,
Mahadevapura Post, Bangalore - 560 048

INFORMATION

REQUEST TO MEMBERS

1. Please bring your copy of the Annual Report to the meeting as no extra copies will be distributed owing to limited number of copies printed.
2. Members are requested to send their queries, if any, relating to the annual accounts and reports at least one week prior to the date of meeting to facilitate computation of information.
3. Members/their proxies/representatives are advised to bring their Attendance Slip duly filled in for attending the meeting. An Attendance Slip and Proxy form are attached at the end of this Annual Report.



**Information as required under clause 49 (IV)(G) of the Listing Agreement
Brief resume of Directors seeking Appointment / Re-appointment**

Particulars	Mr. M.K. Bannerjee	Mr. R. Subramanian
Date of Birth & Age	16/08/1946 & 63 Years	03/10/1943 & 66 Years
Appointment on	12/06/1990	12/10/1990
Qualifications	MBA	FCA, AICWA, ACS, ACIS (London) MAC
Expertise in specific functional Areas	Operations Management & Software Development	Finance, Accounts & Taxation

By the Order of the Board
for **VST TILLERS TRACTORS LTD.**

Place: Bangalore
Date: June 26, 2009

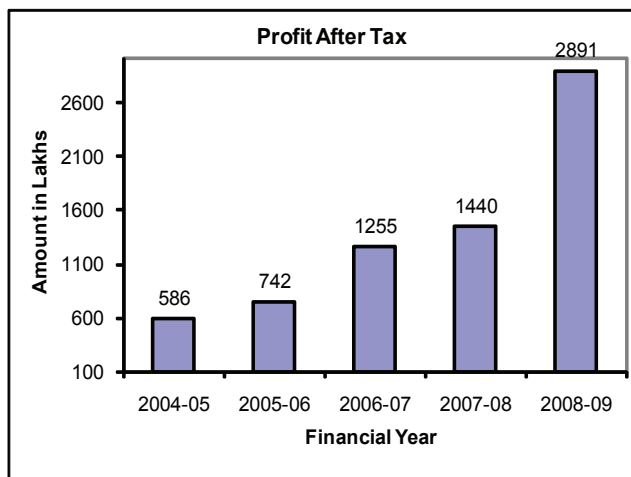
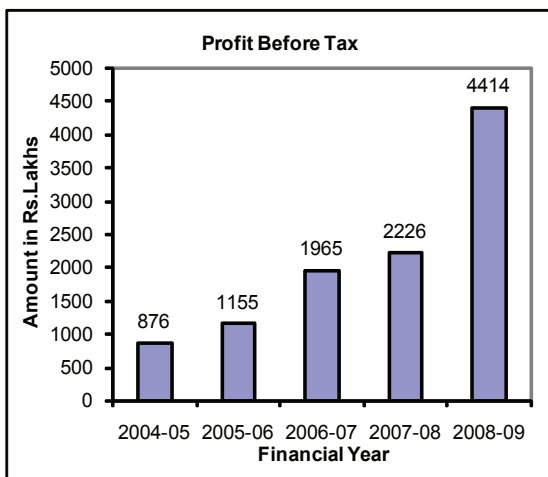
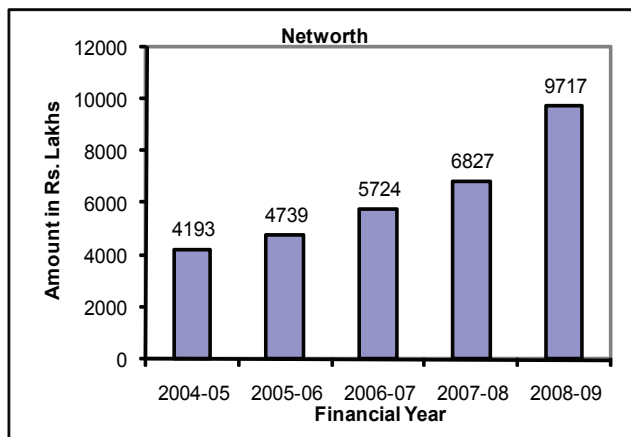
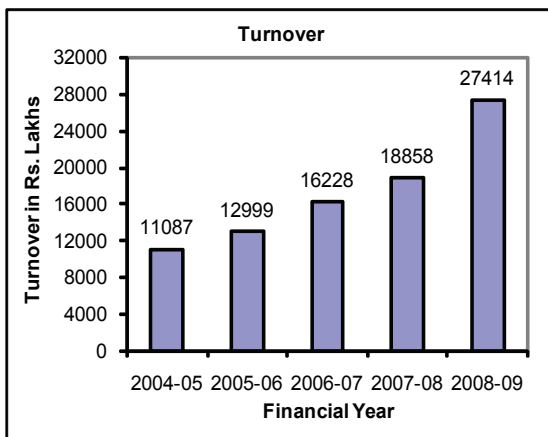
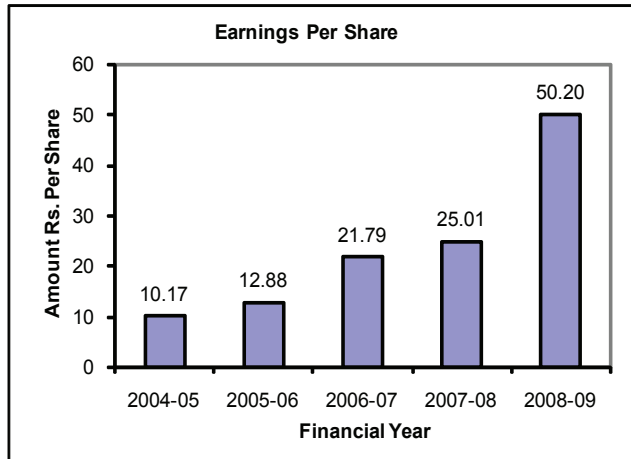
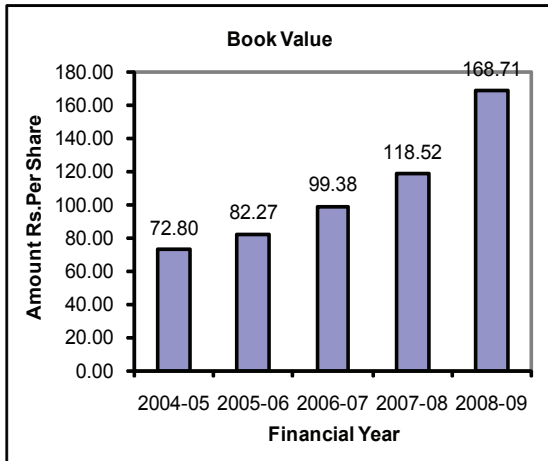
Subash B K
Company Secretary

Contents

Directors' Report	-	4
Report on Corporate Governance	-	10
Auditors' Report	-	17
Balance Sheet	-	20
Profit and Loss Account	-	21
Schedules	-	22
Notes forming part of Accounts	-	29
Balance Sheet Abstract	-	38
Cash Flow Statement	-	39



FINANCIAL INDICATORS





Dear Shareholders,

Your Directors are pleased to present the 41st Annual Report and the audited statement of accounts for the year ended March 31, 2009.

FINANCIAL PERFORMANCE

(Rupees in lacs)

Period	Year 2008-09	Year 2007-08
TURNOVER	27414	18858
OTHER INCOME	482	278
TOTAL INCOME	27896	19136
PROFIT BEFORE DEPRECIATION & INTEREST	4748	2569
INTEREST	53	53
DEPRECIATION	281	290
PROFIT BEFORE TAX	4414	2226
INCOME TAX	1523	786
PROFIT AFTER TAX	2891	1440
BALANCE B/F	880	777
SURPLUS AVAILABLE FOR APPROPRIATION TO:	3771	2217
DIVIDEND	432	288
TAX ON DIVIDEND	73	49
TRANSFER TO GENERAL RESERVE	2250	1000
BALANCE CARRIED FORWARD	1016	880

COMPANY'S PERFORMANCE

The year under report was an eventful year. Your Company has registered a record growth despite the overall economic downturn by selling over 16500 Tillers and 2300 Tractors. It continues to maintain its leadership position in the power tiller industry.

The turnover for the year registered an increase of 45.37% from Rs 188.58 crores in 2007-08 to Rs. 274.14 crores while the operating profit almost doubled to Rs. 39.82 crores compared to Rs. 22.90 crores. This was mainly due to higher operating efficiency. Net profit amounted to Rs. 28.92 crores, an increase of 101% over the previous year. Earnings per share during the year increased handsomely from Rs. 25.01 to Rs. 50.20. On the financial front your Company continues to remain debt free.

The sale of power tillers during the year increased to 16691 units as against the previous year's sales of 12214 units; an increase of 37%. The company's

Tractor sales have grown to 2327 units as against 1714 units in the previous year and your company's aggressive plan to market Rice Transplanters has been showing encouraging results. During the year 460 units was sold in the rice growing belts in India which indicates shifting towards mechanization due to shortage of labor and cost effectiveness of these machines.

The performance of Precision Component Division has been subdued due to the global recession. During the year, export margins were impacted due to spiraling raw material costs with very little scope for passing on the higher cost. However, despite volatility of overseas orders, export revenue remained flat. This division is contributing to the overall performance of your Company. Various cost restructuring and waste elimination measures have been adopted in view of lower capacity utilization. The increase in production of components for captive consumption has enabled this division to maintain the operations.

**DIVIDEND:**

Your Directors have pleasure in recommending a dividend of Rs.7.50/- per equity share of Rs.10/- each for approval at the Annual General Meeting. The dividend if declared will result in an outflow of Rs.505 lacs including the distribution tax.

BONUS ISSUE OF SHARES

Your Directors recommend an issue of bonus shares in the ratio of 1 (one) equity share for every 2 (two) existing equity share held on the record date.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association, Mr. R Subramanian and Mr. M K Bannerjee, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

Mr. K Tanaka (alternate Mr. A. Hishikawa) has ceased to be on the Board of the Company w.e.f. January 28, 2009. Your Directors placed on record their sincere appreciation for the contribution of Mr. K Tanaka during his tenure as Director of the Company.

At the Board Meeting held on May 26, 2009, Mr. K K Rai was co-opted as Additional Director on the Board of your Company.

CORPORATE GOVERNANCE:

The Company strives to ensure highest standards in Corporate Governance and levels of transparency and has been compliant with all the provisions of Clause-49 of the Listing Agreement. A certificate from the Auditors to this effect forms part of Corporate Governance Report.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to sec 217(2AA) of the Companies Act 1956, amended as per Companies (Amendment) Act 2000, the Directors confirm that:

In preparation of the Annual Accounts of your Company the Accounting Standards laid down by the Institute of Chartered accountants of India from time to time have been followed.

Appropriate Accounting policies have been selected and applied consistently, and reasonable and prudent judgment and estimates have been made so as to ensure that the accounts give a true and fair view of affairs of your company as at March 31, 2009 and the profits of your company for the year ended March 31, 2009.

Proper and sufficient care has been taken for the maintenance of appropriate accounting records in accordance with the provisions of the act for safeguarding the assets of your company and for preventing and detecting frauds and other irregularities.

The annual accounts have been prepared on a going concern basis.

The observations of Auditors in their report to Members have been adequately dealt with in the relevant notes to accounts. Hence no additional explanation is considered necessary.

AUDITORS:

M/s. Brahmayya & Company, Chartered Accountants, retire as Auditors of the Company at the conclusion of 41st Annual General Meeting and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES:

As required by provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended, there are no employees who draw remuneration as set out in the aforesaid provision of the Companies Act.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2009 is enclosed as Annexure.

FIXED DEPOSITS:

Your Company has not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

**MANAGEMENT DISCUSSION AND ANALYSIS****Industry structure and developments:**

The fiscal year 2008-09 commenced on a positive note and the agriculture sector continued its moderate growth and was relatively insulated from the economic turmoil felt in other sectors in the economy. GDP which initially expected to be around 9% was revised to 7% by the RBI and tight monetary measures to control inflation were introduced during the year resulting in higher interest rates. The government in the second half of the year cut cenvat rates across the board to support the manufacturing industries thereby creating a platform for growth.

The agricultural sector contributes about 18% of GDP and engages over 50% of the countries workforce. With higher support prices and price realization improved to farmers, the overall growth in this sector has increased. The Power tiller industry which is largely dependent on Government subsidies continued to grow at around 20%. The industry is witnessing intense competition from Chinese made tillers which are increasing their presence in the domestic market.

The Indian tractor market which is the largest in the world saw a marginal decline during the year. The slowdown in financing due to stringent lending norms of banks has been the main factor for this de-growth. The tractor industry sold 342836 units compared 346501 units in the previous year with over 13 major players catering to various segments from 25HP to above 50HP. Your company commands a significant market share in Maharashtra and Gujarat in the below 20 HP tractor segment and in other states in the coming years we expect growth in other states also.

OPPORTUNITIES

The Agriculture sector is slated to register a positive growth of around 3%. This growth is largely dependent on the policies of the government to promote farm mechanization and a normal monsoon. Increase in credit availability and relaxing lending norms by banks provides opportunities for higher sales and better utilization of capacities. Various Government schemes such as Rashtriya Krishi Vikas Yojana (RKVY), Macro Management Scheme, National Food Security Mission has have given thrust to the demand for mechanization.

A higher Minimum Support Price fixed by the Central Government for rice and wheat will result in better price realization thereby increasing their purchasing power to mechanize operations. As the penetration level for power tillers is low in India compared to China, with proper emphasis on marketing there is scope for sustained growth as your Company is an organized player in the power tiller industry.

RISKS AND CONCERNS

Credit flow to the agricultural sector and timely monsoons play a significant role with regard to demand for farm equipment. Given the seasonal nature of demand, capacity and inventory build up takes place for power tillers during some parts of the year and production volumes are altered taking into account changes in demand forecast.

During the year, several importers have been marketing power tillers under various subsidy schemes and this has intensified competition for your Company. Appropriate marketing strategies are being adopted to protect market share. The debt waiver scheme announced in the previous year has slowed the credit availability due to reluctance of banks to release fresh loans to farmers.

CMVR guidelines formed by the Ministry of Surface Transport for the power tiller continues to be an irritant and has pushed up the cost of manufacturing. Though representations have been made to the Government, the matter has not been resolved.

On the raw material front, input cost increases were a concern during the first half of the previous year. However there has been stability on this front during the subsequent period. The volatility in the export market for engine components due to global recession is another are of concern for the Precision component Division.

CURRENT YEAR OUTLOOK

The Indian Economy is expected to grow at a rate marginally lower than 8% during the previous year. With the Government is targeting over 3% growth for agriculture. Favourable monsoon coupled with ease of credit availability to farmers will have a positive influence on the power tiller and tractor industry. During the current year, your company is targeting a



growth of **20% in volume**. In the overseas market, initial progress particularly for power tillers has been made and your company is taking steps to enlarge its coverage and sales network in specific markets.

The steps taken to introduce Rice Transplanters in various states are proving to be successful. Extensive work to train farmers on various aspects of adapting to mechanized transplantation is being pursued and your Company driven by these initiatives is expecting to reap rewards in the long term.

In today's challenging environment your Company is taking measures to remain financially robust, focusing on better inventory controls and receivables. On the operational front, changing the existing assembly layout and strengthening the supply chain is underway. A combination of higher outsourcing and rationalization of vendors is being carried out resulting in a smaller vendor base.

Demand for tractors is growing at a healthy pace and with higher volumes being planned, new markets for low HP tractor are in the process of being established.

At the Precision Component Division, we believe the export demand will remain subdued till the end of the calendar year. Steps have been initiated to cut all overheads and downsize manpower.

Internal Control Systems

Your Company maintains adequate internal control system, which provides reasonable assurance that transactions in significant areas are monitored to prevent any misuse. To strengthen this area your Company is looking at improved responsiveness from a fully integrated ERP. This will enable vendors to get information on material requirement and ensure streamlined supply of materials. The new system will improve its capability and speed of information to add more value. The Internal auditors carry out audits on a regular basis and submit their report once in a quarter to the Audit Committee. The Audit Committee reviews the report and recommendations of the Internal Auditors and advises the Management to strengthen and streamline the system wherever required.

Industrial Relation

Industrial relations have been cordial across all the plants during the year. Your Company is continuously taking initiatives for building organizational capabilities and enhancing people productivity. Various training and development programs were offered to the managerial cadre to upgrade their skills and develop the human resource base. Your company has been developing apprentices and trainees across various departments to cultivate new talent. Steps are also being implemented to strengthen specific areas that are considered key to the Company achieving its business goals.

Forward-Looking Statements

Statements in this release that are "forward-looking statements" are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially from those either expressed or implied due to factors such as Raw material prices, Government policies, Competition, tax regime, market acceptance of new products and services, continued acceptance of existing products and services, changes in licensing programs, product price discounts, delays in product development and related product release schedules, sales channel disruption.

All information in this release is as of June 26, 2009. The company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations.

ACKNOWLEDGEMENTS:

The Directors wish to convey their gratitude for the faith reposed in your Company by Mitsubishi Heavy Industries Limited, Mitsubishi Agricultural Machinery Company Limited, the financial banks, employees and the customers at large.

For and on behalf of the Board

Place: Bangalore
Date : June 26, 2009

Sd/-
V. K. Surendra
Chairman



ANNEXURE

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2009.

I. Conservation of energy :

As the industry is not a power intensive unit, no capital investment was made and hence no benefit could accrue.

2. A. Research and Development (R&D) :

- a. Technology up gradation of VST 130DI Engine to meet the next emission norms of Trem IIIA is under final stage of completion.
- b. Conceptualization and development of a small weeder for deweeding in Rice transplanted fields.
- c. Conceptualization and development of Seat for Power Tiller.
- d. Conceptualization of Rice planting attachment to MT180D Tractor.

B. Technology Absorption:

- a. Technology absorption through up gradation of Engine testing Lab instrumentation through procurement of latest version smoke meter.

C. Benefits derived :

- a. Up gradation of instrumentation at Engine testing. Lab has enhanced the engine optimization capabilities.

D. Expenditure on R&D :

- a. The Company's expenditure on R&D (including capital expenditure) during the year was Rs.43,88,102.00

E. Future plan of action :

- a. Cost effective, light weight and latest technology engine under development for Power tiller application.
- b. Enhancing the marketability of Rice transplanter by providing supporting equipments for Rice cultivation like weeder etc.

3. Foreign exchange earnings and outgo:

- a) Complete information about exports, which have contributed towards foreign exchange earnings, is given in Para 6(f) of the Schedule 19 to the Audited Accounts annexed to this Report. Similarly, details of foreign exchange outgo on account of imports, expenditure on traveling, dividend etc. are shown in Para No.5(e), 5(f) and 5(h) respectively in Schedule 19, i.e., in Notes forming part of Accounts.

- b) Total foreign exchange used and earned :

Foreign exchange earnings : Rs.15,17,47,186-00

Foreign exchange outgo : Rs. 8,95,22,691-00



CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,

The Board of Directors
VST TILLERS TRACTORS LTD

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of VST Tillers Tractors Limited ("the Company"), to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2009 and based on our knowledge and belief, we state that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or violative of the Company's code of conduct.

We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

- (c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - (i) Significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

V. P. Mahendra
Managing Director & CEO

R. Thiyagarajan
V P Finance - & CFO

Bangalore, June 26, 2009



**Auditors' Certificate on Compliance with the conditions of
Corporate Governance under Clause 49 of the listing
Agreement(s)**

To the Members,
VST Tillers Tractors Limited

We have examined the Compliance conditions of Corporate Governance of V.S.T Tillers Tractors Limited for the year ended on 31st March, 2009, as stipulated in clause 49 of the listing Agreement of the said Company with stock exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our responsibility has been limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Brahmaya & Co.,
Chartered Accountants

Place : Bangalore
Date : 26th June, 2009

Sd/-
G. Srinivas
(Partner)
Membership No. 086761



CORPORATE GOVERNANCE

Your Company believes that, corporate governance is the relationship between corporate managers, directors, and the providers of equity, people, and institutions who save and invest their capital to earn a return.

It ensures that the board of directors is accountable for the pursuit of corporate objectives and that the corporation itself conforms to the law and regulations.

The keys to creating wealth and maintaining a free society lie primarily in the same direction. Both require that broad based systems of accountability be built into the governance structures of corporations themselves

More vigilant shareowners are also more likely to be “socially responsible,” in the true meaning have that term, increasing triple bottom line returns (adding economic, environmental and social value). Actively involved owners are likely to help find solutions to many corporate challenges.

BOARD OF DIRECTORS:

(a) Composition of the Board:

The Board comprises of nine Directors is headed by a Non-Executive Chairman, three whole-time Directors and five Non-Executive Directors out of which four are Independent Directors. The composition and category, the attendance at Board Meetings and last AGM, number of Directorships and Chairmanship / Membership of Committees in other Public Limited Companies is as follows :-

Name of the Director Messers.	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of other Public Limited Companies in which Director	No. of other Board committee in which member
Mr. V. K. Surendra	Non-Executive	4	Yes	2	-
Mr. A. Hishikawa	Non-Executive	Nil	-	-	-
Mr.K.Tanaka *	Alternate to Mr.A.Hishikawa	Nil	-	-	-
Mr. M Tanaka *	Non-Executive	Nil	-	-	-
Mr. R. Subramanian	Non-Executive / Independent	6	Yes	1	-
Mr. M. K. Bannerjee	Non-Executive/ Independent	5	Yes	-	-
Mr. V. Ramachandran	Non-Executive/ Independent	6	Yes	3	-
Mr. V. P. Mahendra	Managing Director	6	Yes	5	5
Mr. B C S Iyengar	Executive Director	6	Yes	-	-
Mr.V.V.Pravindra	Dy Managing Director	3	Yes	-	-
Mr.K.K.Rai**	Non-Executive/ Independent	-	-	4	5

* Vacation of office due to resignation

** Appointed as Additional Director on May 26, 2009.

Details of Board Meetings:

During the year under review the Board met six times on April 26, 2008, June 28, 2008, July 28, 2008, August 29, 2008, October 30, 2008 and January 28, 2009.

**(b) Board Procedures:**

The Chairman of the Board, in consultation with the other members of the Board, shall determine the timing and length of the meetings of the Board. The Board expects that five regular meetings at appropriate intervals are in general desirable for the performance of the Board's responsibilities. In addition to regularly scheduled meetings, unscheduled Board meetings may be called upon appropriate notice at any time to address specific needs of the Company.

The Chairman shall establish the agenda for each Board meeting. Each Director shall be entitled to suggest the inclusion of items on the agenda, request the presence of or a report by any member of the Company's senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

The agendas for Board meetings shall provide opportunities for the operating heads of all the departments of the Company to make

presentations to the Board during the course of the year. At one meeting each year the Board shall be presented the long-term strategic plan for the Company and the principal issues that the Company expects to face in the future. Sufficient time shall be allocated for this presentation to allow for questions by and full discussion with the members of the Board.

Information provided to the Board includes amongst others quarterly results of the Company, Minutes of Audit and other Committees, information on recruitment and remuneration of senior officers just below the Board, review of annual operating plans and compliance report.

(c) Code of Conduct:

The Company has a formulated and implemented Code of Conduct for Board Members and Senior Management of the Company in compliance with Clause 49 (I) (D) of the Listing Agreement and the same is displayed on Company's web-site www.vstillers.com

The certificate by CEO of the Company on compliance with the code of conduct is given below:

To,
The Board of Directors,
VST TILLERS TRACTORS LTD

It is hereby confirmed that the Directors and Senior Management have duly complied with the code of conduct laid down by the Company during the financial year ending March 31, 2009.

Place: Bangalore
Date: June 26, 2009

V P Mahendra
Managing Director

Committee Meetings

Each Committee Chair, after consultation with the Chairman of the Board, shall establish agendas and set meetings at the frequency and length appropriate and necessary to carry out the Committee's responsibilities.

Any Director who is not a member of a particular Committee may attend any Committee meeting with the concurrence of the Committee Chair or a majority of the members of the Committee.

COMMITTEES OF THE BOARD:**Audit Committee**

A key element in the corporate governance process of any organization is its audit committee. The battle for financial statement integrity and reliability depends on balancing the pressures of multiple stakeholders, including management, regulators, investors, and the public interest.

Composition

The membership of the Committee consists of at least three directors, all of whom shall meet the



independence requirements established by the Securities and Exchange Board of India and applicable laws, regulations and listing requirements. Each member shall in the judgment of the Board have the ability to read and understand fundamental financial statements. At least one member of the Committee shall in the judgment of the Board be an “audit committee financial expert”.

At present the Audit Committee comprises of all the four independent Directors of the Company.

Terms of Reference:

The Audit Committee of the Board of Directors assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and reporting practices of the Company,

Details of Audit Committee Meetings:

During the year under review the Audit Committee met four times on June 28, 2008, July 28, 2009, October 30, 2008 and January 28, 2009.

Sl.No.	Name of the Member	Designation	Attended
1	Mr. R. Subramanian	Chairman	4
2	Mr. V. Ramachandran	Member	4
3	Mr. M. K. Bannerjee	Member	3

SHAREHOLDERS / INVESTOR GRIEVANCES COMMITTEE

The current composition of the Committee is Mr. V. Ramachandran (Chairman) and Mr. V V Pravindra The Committee meets to approve transfer / transmission of shares and issue of duplicate share certificates. The Committee also looks into investor complaints like non-receipt of Annual Report, Dividend revalidation etc.,

The Committee met 12 times during the year under review.

Mr. Subash B K, Company Secretary and Compliance Officer can be contacted:

Subash B K,
No.1, Dyavasandra Indl. Layout,
P.B. No.4801, Whitefield Road,
Mahadevapura Post,
Bangalore – 560 048
Ph. No.28510805 / 6 / 7
Fax No.28510221

and such other duties as directed by the Board. The Committee’s purpose is to oversee the accounting and financial reporting processes of the Company, the audits of the Company’s financial statements, the qualifications of the Statutory Auditors engaged as the Company’s independent auditor to prepare or issue an audit report on the financial statements of the Company, and the performance of the Company’s internal and independent auditors. The Committee’s role includes a particular focus on the qualitative aspects of financial reporting to shareholders, the Company’s processes to manage business and financial risk, and compliance with significant applicable legal, ethical, and regulatory requirements. The Committee is directly responsible for the appointment, compensation, retention, and oversight of the Company’s independent auditor.

INSIDER TRADING REGULATIONS:

The Company has prescribed code of conduct and disclosure practice to prevent insider trading.

DIRECTORS REMUNERATION

The non-executive Directors are not paid any remuneration other than the sitting fees which is within the limits prescribed by Rule 10B of Companies (Central Government’s) General Rules and Forms.

The details of remuneration paid to executive Directors are provided under Clause L of Schedule 20 of the Notes forming part of accounts.

MEANS OF COMMUNICATION:

The outcome of the Board Meeting, quarterly and annual financial results are sent to Stock Exchanges immediately after the Board approves these.

The intimation of date of Board Meeting and quarterly and annual financial results are also published in leading newspapers.



DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS ON 31ST MARCH 2009

Category	No. of Shareholders	% to total No. of shareholders	Shares Amount (Rs.)	% to total shares amount
Upto 5,000	4058	85.07	5380290	9.34
5,001 10,000	327	6.86	2600600	4.52
10,001 20,000	174	3.65	2613470	4.54
20,001 30,000	59	1.24	1456900	2.53
30,001 40,000	25	0.52	875430	1.52
40,001 50,000	27	0.57	1277350	2.22
50,001 1,00,000	37	0.78	2565420	4.45
1,00,001 and above	63	1.32	40827390	70.88
Total	4770	100.00	57596850	100.00

DETAILS OF REQUEST/COMPLAINTS RECEIVED DURING THE YEAR 2008 – 09.

Nature of Request	OB	Received	Attended	Pending
Change of Address	-	8	8	-
Bank Mandate	-	4	4	-
Revalidation of Warrants	-	58	58	-
Duplicate share certificates	-	3	3	-
Transfer/Transmission	-	17	17	-
De-materialisation	-	61	61	-
Re-materialisation	-	-	-	-

SHAREHOLDING PATTERN AS ON 31ST MARCH 2009

Category	No. of Shareholders	No. of shares held	% to total No. of shares
Promoters/Associates	45	2950439	51.23
Foreign Promoters	2	217965	3.78
Bodies Corporate	155	287641	4.99
Banks	3	1125	0.02
Financial Institutions	6	219450	3.81
Foreign Financial Institutions	5	676	0.01
Non-Resident Indians	32	21785	0.38
Public/Others	4522	2060604	35.78
TOTAL	4770	57,59,685	100.00

Market Price Data Information

MONTH	HIGH	LOW	MONTH	HIGH	LOW
Apr-08	175.90	123.50	Oct-08	122.40	88.00
May-08	174.85	135.30	Nov-08	135.00	94.15
Jun-08	145.95	115.00	Dec-08	111.65	93.00
Jul-08	143.10	117.10	Jan-09	117.40	90.30
Aug-08	156.00	133.00	Feb-09	146.50	102.25
Sep-08	157.70	106.00	Mar-09	136.55	102.55

GENERAL SHARE HOLDER INFORMATION

Investor Services

AGM date,

time and venue : 21st August 2009 at 3.00 P.M.
Wood Lands Hotel Pvt., Ltd.
No.5, Rajaram Mohan Roy Road
Bangalore - 560 025

Financial year : 1st April - 31st March

Book Closure : August 11, 2009 to August 12,
2009 (Both Days inclusive)

Dividend: Dividend if declared would be payable on any day between September 1, 2009 to September 15, 2009

The Company has appointed M/s. Alpha Systems Pvt. Ltd., Registrar & Share Transfer Agents for handling all matters relating to share transfers including transfer/transmission of shares, de-materialization of

share certificates, sub division / conversion of share certificate etc.

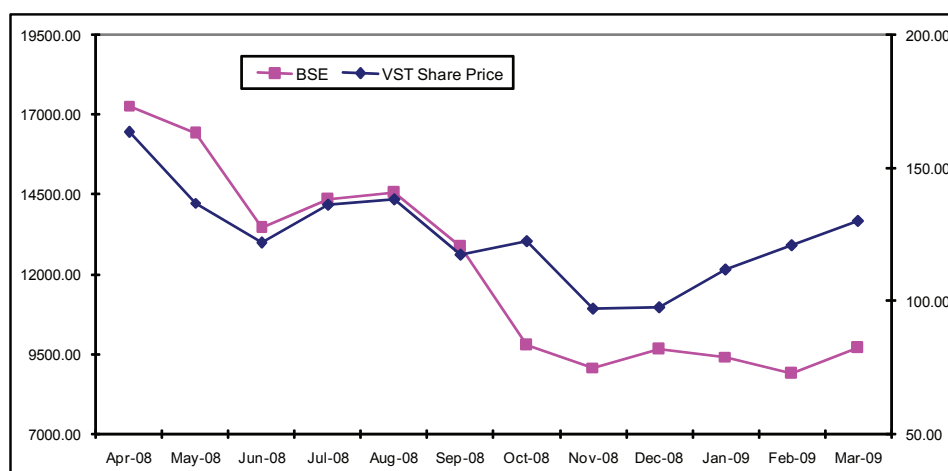
Share Holders desiring to communicate on any matter relating to the shares of the Company may either visit in person or write to the Company's Share Transfer Agent quoting their Folio No./ DP ID & Client ID number at the following address.

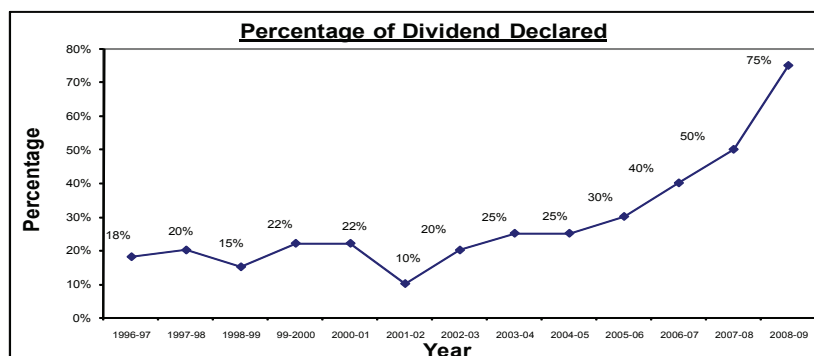
ALPHA SYSTEMS PVT. LTD.,
30, Ramana Residency,
Ground Floor, 4th Cross,
Sampige Road, Malleswaram,
Bangalore - 560 003
Phone Nos. 080-23460815 - 818
Fax: 080-23460819
e-mail : alfint@vsnl.com

Stock code:

Bombay Stock Exchange Ltd : 531266
Bangalore Stock Exchange Ltd :
ISIN : INE 764D01017

Market Price Data





Particulars of last 3 Annual General Meetings

Date/Time	Location	Summary of Special Business
29.08.2008 3.00 p.m.	Wood Lands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bangalore - 560 025	Mr.B.C.S.Iyengar and Mr.V.V.Pravindra appointed as Whole Time Directors
28.08.2007 3.00 p.m.	Wood Lands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bangalore - 560 025	Nil
29.08.2006 3.00 p.m.	Wood Lands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bangalore - 560 025	Nil

No special resolution had been passed through Postal Ballot during the year 2008-09.

Dividend Payment Date : Any day between September 1, 2009 to 15 September 2009.

PLANT LOCATIONS:

Plot No.1 Dyavasandra Indl. Layout Whitefield Road Mahadevapura PO. BANGALORE 560 048, Karnataka	Plot No. A-7 SIDCO Industrial Estate HOSUR 635 126 Tamil Nadu	Precision Component Division, Plot No.42/43, Survey No.20, Metagalli Indl. Area, Mysore – 570 016 Karnataka
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DISCLOSURES

- ❖ During the year under review, besides the transactions mentioned under schedule 20, page no 35 of Annual Report, there were no other related party transactions by the Company with its promoters, directors and management that had a potential conflict with the interest of the Company at large.
- ❖ There are no instances of non-compliance on any matter relating to the capital market during the last three years.
- ❖ The Company has not adopted the non-mandatory requirements as stated in Annexure

I D of clause 49 of the Listing Agreement. However, the Company had moved towards a regime of unqualified financial statements since many years.

- ❖ The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in the Accounting Standard.

For **VST TILLERS TRACTORS LTD**

Place: Bangalore
Date: June 26, 2009

V K Surendra
Chairman

**TO THE MEMBERS OF
V.S.T TILLERS TRACTORS LIMITED**

We have audited the attached Balance sheet of M/s. V.S.T. TILLERS TRACTORS LIMITED as at 31st March 2009, Profit and Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956 and based on such checks as we considered appropriate and according to the information and explanations given to us, we state our comments on the matters specified in paragraphs 4 and 5 of the said order in the Annexure enclosed.
3. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the



ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

- i) (a) The Company has maintained proper records showing full Particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year as per programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, in our opinion, the Company has not disposed off any major part of fixed assets and there by does not affects the going concern status of the Company.
- ii) (a) The inventory has been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt within the books of accounts.
- iii) (a) The Company has not granted any loans secured or unsecured, to Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to parties listed in the Register maintained under section 301 of the Companies Act, 1956, paragraphs (iii)(b),(c) and (d) of the Order, are not applicable.
- (b) The Company has not taken any loans secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, from parties listed in the Register maintained under section 301 of the Companies Act, 1956, paragraphs (iii) (f) and (g) of the Order, are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weakness in the aforesaid internal control systems.
- v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the companies Act 1956, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 exceeding the value of rupees five lakh in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public as such the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, do not apply.
- vii) In our opinion, the Company has an internal audit system



- ix) (a) According to the information and explanations given to us and according to the records as produced and examined by us, In our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues to the extent applicable to it. There are no arrears of outstanding statutory dues as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company and information and explanations given to us, there are no dues in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax Excise Duty/Cess which have not been deposited on account of dispute except the following;

Name of the Statute	Nature of the dues	Amount in (Rs.)	Period to which the amount relates	Forum where pending
Central Excise Act, 1944	Rebate on Export of Goods	7,75,855/-	2005-06	Revision Authority, Dept. of Revenue New Delhi

- x) The Company does not have accumulated losses as at 31st March, 2009 and has not incurred any cash losses during the financial year covered by our Audit or in the immediately preceding financial year.
- xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has no dues to Financial Institutions and banks at the balance sheet date and the Company has not issued any Debentures.
- xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to Chit Fund / Nidhi / Mutual Benefit Fund / Societies are not applicable to the Company.
- xiv) In our opinion and according to explanations given to us, the Company is not a dealer or a trader in Securities.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) According to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, In our opinion, there are no funds raised on short term basis which have been used for long term investment and vice-versa.
- xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year and therefore paragraph 4 Clause (xviii) of the order is not applicable to the Company.
- xix) The Company has not issued debentures during the year and therefore paragraph 4 (xix) of the Order is not applicable.
- xx) The Company has not raised any money by public issues during the year and therefore paragraph 4 (xx) of the Order is not applicable.
- xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of the fraud on or by the Company, noticed' or reported during the year, nor have we been informed of such case by the management.

For Brahmaya & Co.,
Chartered Accountants

Sd/-

G. Srinivas
(Partner)

Membership No. 086761

Place : Bangalore
Date : 26th June, 2009

BALANCE SHEET

As at

PARTICULARS	Sch No.	31st March, 2009		31st March, 2008	
		Details Rs.	Total Rs.	Details Rs.	Total Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	5,75,96,850		5,75,96,850	
Reserves and Surplus	2	86,35,62,433		62,50,54,850	
			92,11,59,283		68,26,51,700
Loan Funds					
Secured Loans	3	56,47,104		2,39,04,286	
Unsecured Loans	4	6,57,29,850		5,52,92,606	
			7,13,76,954		7,91,96,892
Deferred Tax Liability		3,69,94,194		3,86,52,418	
Deferred Tax Asset		27,63,611		47,74,597	
Deferred Tax (Net)			3,42,30,583		3,38,77,821
TOTAL			1,02,67,66,820		79,57,26,413
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	69,23,58,476		56,26,38,721	
Accumulated Depreciation		30,94,66,616		28,37,62,441	
Net Block		38,28,91,860		27,88,76,280	
Capital Work-in-Progress		35,65,074		1,78,89,997	
			38,64,56,934		29,67,66,277
Investments	6		5,00,00,000		4,48,54,400
Current Assets, Loans and Advances					
Inventories	7	51,14,38,308		33,57,17,559	
Receivables	8	36,23,14,806		30,32,08,487	
Cash and Bank Balances	9	18,73,87,909		16,96,74,585	
Loans and Advances	10	8,50,05,185		4,96,13,589	
Sub-Total (A)		1,14,61,46,208		85,82,14,220	
Current Liabilities and Provisions					
Current Liabilities	11	48,81,98,992		36,40,69,573	
Provisions	12	7,11,61,106		4,70,86,462	
Sub-Total (B)		55,93,60,098		41,11,56,035	
Net Current Assets (A-B)			58,67,86,110		44,70,58,185
Miscellaneous Expenditure to the extent not written off	13		35,23,776		70,47,551
TOTAL			1,02,67,66,820		79,57,26,413

V.P. Mahendra
Managing Director & CEO

V. Ramachandran
Director

As per our report of even date
For **BRAHMAYYA & CO.**
Chartered Accountants

Place : Bangalore
Dated : 26th June, 2009

Subash B.K.
Company Secretary

G.Srinivas
Partner
Membership No.086761

PROFIT AND LOSS ACCOUNT



for the year ended

PARTICULARS	Sch No.	31st March, 2009		31st March, 2008	
		Details Rs.	Total Rs.	Details Rs.	Total Rs.
INCOME					
Sales	14	2,74,13,60,356		1,88,58,08,040	
Other Income	15	4,82,26,975		2,78,36,530	
TOTAL			2,78,95,87,331		1,91,36,44,570
EXPENDITURE					
Materials consumed	16	1,81,08,92,176		1,23,78,42,995	
Personnel & Other Expenses	17	50,42,43,618		41,89,82,721	
Finance Charges	18	52,97,747		53,38,233	
Depreciation	5	2,81,49,745		2,89,93,059	
TOTAL			2,34,85,83,286		1,69,11,57,008
PROFIT FOR THE YEAR			44,10,04,045		22,24,87,562
ADD/(LESS) : Prior Year's Adjustment			3,70,448		1,12,097
PROFIT BEFORE TAX			44,13,74,493		22,25,99,659
PROVISION FOR INCOME TAX					
Current tax		15,02,00,000		7,83,00,000	
Income Tax - Prior period		-		3,596	
Deferred Tax		3,52,762		(38,07,957)	
Fringe Benefit Tax		17,10,497		40,78,800	
			15,22,63,259		7,85,74,439
PROFIT AFTER TAX			28,91,11,234		14,40,25,220
ADD: Balance brought forward			8,80,35,261		7,77,02,758
AMOUNT AVAILABLE FOR APPROPRIATION			37,71,46,495		22,17,27,978
APPROPRIATIONS :					
Dividend			4,31,97,638		2,87,98,425
Tax on Distributed Dividends			73,41,438		48,94,292
Transfer to General Reserve			22,50,00,000		10,00,00,000
BALANCE IN PROFIT and LOSS ACCOUNT			10,16,07,419		8,80,35,261
			37,71,46,495		22,17,27,978
EPS - Basic			50.20		25.01
EPS - Diluted			50.20		25.01

V.P. Mahendra
Managing Director & CEO

V. Ramachandran
Director

As per our report of even date
For **BRAHMAYYA & CO.**
Chartered Accountants

Place : Bangalore
Dated : 26th June, 2009

Subash B.K.
Company Secretary

G.Srinivas
Partner
Membership No.086761

SCHEDULES



forming part of Balance Sheet as at

	31st March, 2009		31st March, 2008	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
01. SHARE CAPITAL				
Authorised				
10,00,000 Redeemable (Previous year:10,00,000)		1,00,00,000		1,00,00,000
Preference Shares of Rs.10/- each				
60,00,000 Equity Shares of Rs.10/- each (Previous year: 60,00,000)		6,00,00,000		6,00,00,000
		<u>7,00,00,000</u>		<u>7,00,00,000</u>
Issued, Subscribed & Paid-up :				
57,59,685 Equity Shares (Previous year : 57,59,685) of Rs.10 each fully paid.		5,75,96,850		5,75,96,850
TOTAL		5,75,96,850		5,75,96,850
02. RESERVES AND SURPLUS				
Capital Reserve :				
Profit on reissue of forfeited shares	8,250		8,250	
Share Premium Account				
Per Last Balance Sheet	<u>5,51,95,050</u>	5,52,03,300	<u>5,51,95,050</u>	5,52,03,300
Revaluation Reserve :				
Per Last Balance Sheet	68,16,290		68,81,042	
LESS: Depreciation for the Year	<u>64,575</u>	67,51,715	<u>64,752</u>	68,16,290
General Reserve:				
Per last Balance Sheet	47,50,00,000		37,50,00,000	
ADD: Transfer from Profit and Loss Account	<u>22,50,00,000</u>	70,00,00,000	<u>10,00,00,000</u>	47,50,00,000
Surplus in Profit and Loss Account		10,16,07,418		8,80,35,260
TOTAL		86,35,62,433		62,50,54,850
03. SECURED LOANS				
I) Working Capital Loans				
A) From Commercial Banks	56,47,104		2,39,04,286	
B) From Others	<u>-</u>		<u>-</u>	
		56,47,104		2,39,04,286
TOTAL		56,47,104		2,39,04,286
04. UNSECURED LOANS				
Deposits from Dealers		6,57,29,850		5,46,77,350
Sales tax deferment		-		6,15,256
TOTAL		6,57,29,850		5,52,92,606

SCHEDULES



forming part of the Balance Sheet

05. FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK											
	As at 01-04-2008		Additions		Deletions		As at 31-03-2009		Upto 31-03-2008		For the year		Adjustments		Upto 31-03-2009		As at 31-03-2009		As at 31-03-2008	
	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	2,92,54,256	9,47,01,840					12,39,56,096										12,39,56,096			2,92,54,256
BUILDINGS	8,29,96,415	15,13,296				8,45,09,711		2,35,35,457		1,683,100							2,52,18,557			5,94,60,958
PLANT & MACHINERY	40,36,89,077	3,14,38,497	61,690			43,50,65,884		23,42,00,795		2,30,30,292		13,479					25,72,17,608			16,94,88,282
COMPUTER SYSTEMS	2,37,91,986	33,58,611	37,96,156			2,33,54,441		161,00,377		19,10,101		18,45,827					1,61,64,651			76,91,609
OFFICE EQUIPMENTS	42,16,326	81,490	1,30,000			41,67,816		18,22,262		1,95,903		33,734					19,84,431			23,94,064
VEHICLES	1,06,61,747	39,18,161	15,60,588			1,30,19,320		29,07,522		10,06,367		6,02,510					33,11,379			77,54,225
FURNITURE & FIXTURES	80,28,914	2,86,733	30,439			82,85,208		51,96,028		3,88,557		14,595					55,69,990			28,32,886
	56,26,38,721	13,52,98,628	55,78,873			69,23,58,476		28,37,62,441		2,82,14,320		25,10,145					30,94,66,616			27,88,76,280
CAPITAL WORK IN PROGRESS INCLUDING ADVANCES	178,89,997					35,65,074														
PREVIOUS YEAR																				

SCHEDULES



forming part of Balance Sheet as at

	31st March, 2009		31st March, 2008	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
06. INVESTMENTS AT COST				
LONG TERM INVESTMENTS:				
Non Trade - Quoted				
33,544 (33,544) Bonds of Rs.100 each of Tax Free Bonds issued by Unit Trust of India	-	-	33,54,400	33,54,400
Trade - Unquoted				
41,50,000 Equity Shares of Rs.10 each of Mitsubishi -VST Diesel Engines Private Limited,a joint venture company	4,15,00,000	4,15,00,000	4,15,00,000	4,15,00,000
		4,15,00,000		4,48,54,400
Less Provision for diminution in Investments		-		-
		4,15,00,000		4,48,54,400
Non Trade - Unquoted				
i) Reliance Mutural Fund Reliance Regular Savings Fund - Equity 111,469.796 (Nil) Units of Rs.22.43 each	25,00,000			
ii) HSBC Mutual Fund HSBC Equity Fund 26,473.236 (Nil) Units of Rs.93.63 each	25,00,000			
iii) Principal Asset Management Co. P Ltd. Principal Global Opportunities Fund 129,323.277 (Nil) Units of Rs.19.33 each	25,00,000			
iv) Franklin Templeton Investments Templeton India Growth Fund 10,588.554 (Nil) Units of Rs.94.44 each	10,00,000			
		85,00,000		-
TOTAL		5,00,00,000		4,48,54,400
Market Value of Quoted Investments as on 31-03-2009 Rs.Nil (Previous year Rs.35,47,613/-)				
07. INVENTORIES				
i. Rawmaterial and Components Add : Goods-in-Transit	20,36,79,156 4,23,090	20,41,02,246	17,92,46,855 12,38,318	18,04,85,173
ii. Work-in-Progress		2,04,00,287		1,19,27,198
iii. Finished Goods		19,39,46,046		6,53,10,825
iv. Stock of Spares and Attachments		5,62,32,042		5,40,05,890
v. Stock of Trading goods		1,57,44,887		47,43,921
vi. Loose Tools		1,70,09,417		1,53,18,841
vii. Machinery Spares and Others		40,03,383		39,25,711
TOTAL		51,14,38,308		33,57,17,559

SCHEDULES



forming part of Balance Sheet as at

	31st March, 2009		31st March, 2008	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
08. RECEIVABLES				
Unsecured Considered Good :-				
Debts outstanding for a period exceeding six months	62,50,201		1,14,98,119	
Other Debts	<u>35,60,64,605</u>	<u>36,23,14,806</u>	<u>29,17,10,368</u>	30,32,08,487
TOTAL		36,23,14,806		30,32,08,487
09. CASH AND BANK BALANCES				
Cash on hand		1,37,106		2,21,012
Cheques on hand and in transit		8,44,93,295		8,51,06,910
Balances with Scheduled Banks				
On Current Accounts	1,90,14,129		5,35,78,363	
On Margin and Other Accounts	8,34,83,379		3,06,68,300	
Balances on Deposit Account with others	<u>2,60,000</u>		<u>1,00,000</u>	
		<u>10,27,57,508</u>		<u>8,43,46,663</u>
TOTAL		18,73,87,909		16,96,74,585
10. LOANS AND ADVANCES				
(Unsecured Considered Good)				
Advances recoverable in Cash or in Kind or for value to be received :-				
Advances against Supplies	1,55,90,272		46,01,725	
Sundry Advances and Deposits	1,28,60,793		1,09,04,219	
Income Accrued but not due	<u>5,67,324</u>		<u>3,31,270</u>	
		<u>2,90,18,389</u>		1,58,37,214
Deposits with Government Departments		5,59,86,796		3,37,76,375
Advance Income tax and TDS Less Provisions		-		-
TOTAL		8,50,05,185		4,96,13,589
11. CURRENT LIABILITIES				
Trade Creditors				
Dues to Micro, Small and Medium Enterprises {Refer to Note (2) (E) of Schedule 19}	-		-	
Dues to others	<u>33,58,75,618</u>		<u>19,26,26,264</u>	
		<u>33,58,75,618</u>		19,26,26,264
Accrued Expenses and Other Creditors		13,54,16,087		15,58,82,025
Advances from Customers and Dealers		1,53,62,474		1,41,74,755
Unclaimed Dividend		15,44,813		13,86,529
TOTAL		4881,98,992		36,40,69,573

SCHEDULES



forming part of Balance Sheet as at

	31st March, 2009		31st March, 2008	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
12. PROVISIONS				
Proposed Dividend		4,31,97,638		2,87,98,425
Tax on dividend		73,41,438		48,94,292
Provision for taxation		64,64,411		9,12,264
Provision for Warranties		42,62,868		37,12,856
Provision for Employee Benefits		98,94,751		87,68,625
TOTAL		7,11,61,106		4,70,86,462
13. MISCELLANEOUS EXPENDITURE				
A. Voluntary Separation scheme				
Balance brought forward	70,47,551		1,08,03,611	
Payments during the year	-		-	
	70,47,551		1,08,03,611	
Less: Expenditure written off	35,23,775		37,56,060	
Balance carried forward		35,23,776		70,47,551
TOTAL		35,23,776		70,47,551

forming part of Profit & Loss Account for the year ended

	31st March, 2009		31st March, 2008	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
14. SALES				
Domestic Sales Less Returns	2,59,83,38,918		172,08,40,179	
Less: Excise Duty Recovered	72,24,339		79,42,412	
		2,59,11,14,579		171,28,97,767
Export Sales		15,02,45,777		17,29,10,273
TOTAL		2,74,13,60,356		188,58,08,040
15. OTHER INCOME				
Miscellaneous Receipts	56,61,281		2,82,605	
Profit on Foreign Exchange Fluctuation	-		1,32,535	
Export Incentives	49,01,052		64,42,126	
Profit on sale of Investments	-		14,70,834	
Insurance claims	15,67,624		6,45,727	
Interest (T.D.S. Rs.13,04,515 [p.y. Rs.8,83,637])	67,68,260		45,61,911	
Dividend	42,99,716		-	
Rent Received (T.D.S. Rs.3,83,668)(p.y.Rs.4,40,979)]	23,49,700		21,47,449	
Sale of Scrap	1,10,13,040		59,75,492	
Provision for Diminution in value of Investments Written Back	-		10,00,000	
Sundry credit balances written back	1,16,66,302		51,77,851	
TOTAL		4,82,26,975		2,78,36,530

SCHEDULES



forming part of Profit & Loss Account for the year ended

	31st March, 2009		31st March, 2008	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
16. MATERIAL CONSUMED AND COST OF GOODS SOLD				
Opening Stock		23,75,75,276		21,89,64,393
ADD: Purchases during the period		1,98,60,81,295		130,49,56,181
LESS: Closing Stock		27,56,56,086		23,75,75,276
Material Consumed		1,94,80,00,485		128,63,45,298
LESS: INCREASE / (DECREASE) IN STOCK				
Opening Stock				
Work in Progress	1,19,27,198		96,05,799	
Finished Goods	6,53,10,825		1,91,29,921	
	<u>7,72,38,024</u>		<u>2,87,35,720</u>	
Less: Closing Stock				
Work in Progress	2,04,00,287		1,19,27,198	
Finished Goods	19,39,46,046		6,53,10,825	
	<u>21,43,46,333</u>		<u>7,72,38,023</u>	
Increase / (Decrease) in Stock		13,71,08,309		4,85,02,303
TOTAL		1,81,08,92,176		123,78,42,995
17. PERSONNEL AND OTHER EXPENSES				
Personnel				
Salaries, Wages and Bonus	16,40,22,267		13,73,47,761	
Welfare Expenses	54,24,957		54,70,049	
Contribution to Funds	1,11,93,571		1,47,89,744	
Leave Salary	10,46,846		20,78,790	
		18,16,87,641		15,96,86,344
Factory & Manufacturing Expenses				
Power and Fuel	1,96,22,206		1,65,82,856	
Stores & Tools Consumed	5,87,56,641		4,53,71,843	
		7,83,78,847		6,19,54,699
General & Administrative Expenses				
Consultancy and Legal Charges	55,09,177		55,94,885	
Fees, Rates and Taxes	51,86,387		20,64,013	
Insurance	30,03,193		26,38,766	
Miscellaneous Expenses	1,16,65,307		1,05,50,982	
Rent	30,20,120		21,10,912	
Repairs to Buildings	16,89,842		10,24,255	
Repairs to Machinery	1,28,12,732		1,15,82,858	
Repairs & Maintenance	34,28,410		25,35,330	
Research and Development	34,88,730		32,74,003	
Bank Charges	27,95,715		22,85,113	
Travelling and Conveyance	98,57,669		94,81,460	
		6,24,57,282		5,31,42,577

SCHEDULES

forming part of Profit & Loss Account for the year ended

	31st March, 2009		31st March, 2008	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
17. PERSONNEL AND OTHER EXPENSES (Contd.)				
Sales and Marketing Expenses				
Advertisement & Publicity	25,06,229		22,59,176	
Freight and Forwarding	6,39,33,154		4,30,86,655	
Selling Expenses	8,61,85,616		7,74,60,625	
Service and Warranty Expenses	1,97,45,016		1,70,14,824	
		17,23,70,015		13,98,21,280
Bad debts written off	18,47,157		-	
Loss on sale of Assets	22,74,220		6,21,761	
Sundry balances written off	13,18,038		-	
Loss of Foreign exchange fluctuations	3,86,643		-	
Employee separation expenses written off	35,23,775		37,56,060	
		93,49,833		
TOTAL		50,42,43,618		41,89,82,721
18. FINANCE CHARGES				
Interest on Fixed Loans		-		-
Interest on Other Loans		52,97,747		53,38,233
TOTAL		52,97,747		53,38,233

V.P. Mahendra
Managing Director & CEO

V. Ramachandran
Director

As per our report of even date
For **BRAHMAYYA & CO.**
Chartered Accountants

Place : Bangalore
Dated : 26th June, 2009

Subash B.K.
Company Secretary

G.Srinivas
Partner
Membership No.086761

SCHEDULE 19

NOTES FORMING PART OF ACCOUNTS

I) Significant Accounting Policies

A) Conventions

The Financial Statements are prepared under historical cost conventions in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant disclosure requirements of the Companies Act, 1956.

B) Fixed Assets and Depreciation

- i) Fixed Assets are capitalised net of cenvat credit availed.
- ii) Land, Building, Plant and Machineries have been revalued as at 31st December, 1985. Other Fixed Assets in the Gross Block are stated at original cost. Additions to Fixed Assets are stated at cost of acquisition and all costs relating to the acquisition and installation up to the date the asset is put into use are capitalised.
- iii) Depreciation has been charged under the Straight Line Method (SLM) at the rates prescribed in Schedule XIV of the Companies Act, 1956.

C) Investments

Long term investments are stated at cost. Provision is made when permanent diminution in value has arisen in the opinion of the management.

D) Inventories

- i) Raw material and components are valued at Weighted Average Cost, after adjustment of Cenvat credit availed or to be availed, wherever applicable.
- ii) Work in progress and finished goods are valued at lower of cost or net realisable value. Finished goods lying in the factory premises are valued inclusive of Excise Duty. This has no impact on the profit of the company.
- iii) Consumable stores and machinery spares are valued at cost. Loose tools under use are valued at 50% of the cost and unused at cost.
- iv) Unsold Scrap at the end of the year is taken at estimated realisable value.

E) Foreign exchange transaction

- i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transaction.
- ii) Monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are determined by the respective contracts.
- iii) Premium for forward contract is recognised as income or expenditure over the life of the contract.
- iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account.

F) Revenue / Expenditure recognition

Sales of products are recognised on despatch to customers and are exclusive of excise duty, trade discounts, sales tax and other taxes. Income accruing in the accounting year and ascertainable/realisable with reasonable certainty on the date of financial statements is taken into account.

Expenses accruing in the accounting year and ascertainable with reasonable accuracy on the date of financial statement are provided in the accounts.

G) Retirement benefits to employees

- i) Company's contribution to recognised funds, such as Provident Fund, Employees State Insurance, etc. are charged to Profit and Loss Account.
- ii) Gratuity liability is covered by a policy with Life Insurance Corporation of India. Annual contribution to the fund is charged to revenue. Liability on the basis of actuarial valuation by an independent actuary has been provided which has been charged to revenue.
- iii) Leave encashment is provided on the basis of actuarial valuation at the balance sheet date carried out by an independent actuary.



- H) Research and Development
Revenue expenditure on Research and Development are included under respective heads of expenditure. Capital expenditure on Research and Development are treated in the same manner as expenditure on other fixed assets.
- I) Warranty
The company periodically assesses and provides for the estimated liability on warranty given on sale of its products based on past performance of such products.
- J) Voluntary Separation Scheme for Employees
Compensation paid to employees who took retirement under the Voluntary Separation Scheme is amortised over a period of five years.
- K) Taxes on Income
Current tax is determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax resulting from timing difference between book profits and tax profits is accounted for under the liability method, at the rate prescribed by Accounting Standard, to the extent that timing differences are expected to crystallise.
- L) Impairment of Assets
Consideration is given at the balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and value in use.
- 2) Notes
- A) Share capital
- i) Issued, Subscribed and Paid-up Capital includes 1,50,000 (Previous year 1,50,000) equity shares of Rs.10 each, which were allotted as fully paid pursuant to a contract for consideration other than cash.
- ii) Issued, Subscribed and Paid-up Capital includes 19,19,895 (Previous year 19,19,895) equity shares of Rs.10 each, which were allotted as fully paid up by way of bonus shares by capitalisation of share premium.
- B) Secured Loans
- i) Working Capital loans sanctioned by Commercial Banks are secured by way of first charge on hypothecation of inventories, bills receivable and other current assets and a second charge on all fixed assets of the company, ranking *pari passu* basis with other members of the consortium
- C) Receivables
Other debts includes amounts due from firms in which Directors of the company are partners of Rs. 26,53,123 (previous year Rs.33,14,819)
- D) Cash and Bank balance
Bank balance with others on deposit account includes deposit with West Bengal State Rural Co-operative Bank Limited of Rs.1,00,000 (previous year Rs. 1,00,000). Maximum amount outstanding at any time during the year was Rs.1,00,000 (previous year Rs.1,00,000). None of the Directors are interested in the Bank and none of the Directors are relatives of the Directors of the Bank.
- E) Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)
Based on the information available with the Company, there are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2009. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.
- F) Depreciation on Research and Development assets amounting to Rs.8,99,372 (Previous year Rs.8,87,979) has been charged off during the current year. Capital expenditure on Research and Development Rs.3,60,164 (Previous year Rs.36,200) is shown as addition to fixed assets.
- G) Depreciation on the revalued assets amounting to Rs.64,575 (Previous year Rs. 64,752) has been deducted from the Revaluation Reserve.
- 3) Contingent Liabilities not provided for
- A) Cases filed by the customers in various consumer courts not acknowledged as debt Rs.37,12,000 (previous year Rs.41,12,000).
- B) Demands raised by Central Excise Department not acknowledged as debt Rs.7,75,855. The Company has filed appeals before The Revision

NOTES FORMING PART OF ACCOUNTS



Authority, Department of Revenue, Ministry of Finance, New Delhi challenging the demands raised by the department.

for (net of advances) Rs.34,05,617 (previous year Rs.49,28,586)

- 4) Estimated amount of contracts remaining to be executed on capital accounts and not provided
- 5) Figures for the previous year have been re-grouped wherever necessary for comparison purposes.

6 STATEMENT OF ADDITIONAL INFORMATION

A. INFORMATION ON CAPACITY AND PRODUCTION (Figures in Numbers)

PARTICULARS	Licensed Capacity		Installed Capacity	
	01-04-2008-31-03-2009	01-04-2007-31-03-2008	01-04-2008-31-03-2009	01-04-2007-31-03-2008
Tillers & Tractors	13,000	13,000	13,000	13,000
Diesel Engines	3,000	3,000	3,000	3,000
Precision Components	2,36,000	2,36,000	2,16,000	2,16,000
	Production		Captive Use	
	01-04-2008-31-03-2009	01-04-2007-31-03-2008	01-04-2008-31-03-2009	01-04-2007-31-03-2008
Power Tillers	17,673	12,738	-	5
Tractors	2,451	1,755	-	2
Diesel Engines	252	228	-	-
Precision Components	2,09,897	1,97,529	78,124	47,395

Production includes units captively consumed as mentioned above.

B. PARTICULARS OF STOCK

CLASS OF GOODS	As at 01-04-2008		As at 01-04-2007	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
OPENING STOCK				
Power Tillers	872	5,57,59,562	293	1,64,61,936
Tractors	43	72,63,623	4	6,32,240
Diesel Engines	37	14,05,605	30	9,79,293
Precision Components	958	8,82,035	1,016	10,56,452
Others		-		-
		<u>6,53,10,825</u>		<u>1,91,29,921</u>
CLASS OF GOODS				
	As at 31-03-2009		As at 31-03-2008	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
CLOSING STOCK				
Power Tillers	1,854	15,78,67,987	872	5,57,59,562
Tractors	167	3,13,89,448	43	72,63,623
Diesel Engines	57	26,74,083	37	14,05,605
Precision Components	3,521	20,14,528	958	8,82,035
		<u>19,39,46,046</u>		<u>6,53,10,825</u>

**C. PARTICULARS OF MANUFACTURED AND TRADED GOODS TURNOVER**

CLASS OF GOODS	01-04-2008 - 31-03-2009		01-04-2007 - 31-03-2008	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
Power Tillers	16,691	1,78,06,28,219	12,174	1,17,74,53,740
Tractors	2,327	49,72,77,325	1,714	33,82,47,950
Diesel Engines	232	94,24,357	221	77,06,153
Rice Transplanters	460	6,53,19,630	76	98,90,106
Precision Components	1,29,210	13,49,03,017	1,97,587	12,20,86,104
Others		25,38,07,808		23,04,23,987
		<u>2,74,13,60,356</u>		<u>1,88,58,08,040</u>

D. TRADED GOODS

CLASS OF GOODS	As at 01-04-2008		As at 01-04-2007	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
OPENING STOCK				
Combine Harvestors	1	10,64,082	1	9,20,426
Rice Transplanters	27	16,69,361	31	22,87,968
Others		20,10,478		-
		<u>47,43,921</u>		<u>32,08,394</u>
CLASS OF GOODS	As at 31-03-2009		As at 31-03-2008	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
CLOSING STOCK				
Combine Harvestors	3	18,64,110	1	10,64,082
Rice Transplanters	155	1,18,75,284	27	16,69,361
Others		20,05,493		20,10,478
		<u>1,57,44,887</u>		<u>47,43,921</u>

E. PARTICULARS OF RAWMATERIALS, COMPONENTS AND TRADED GOODS CONSUMED

	01-04-2008 - 31-03-2009		01-04-2007 - 31-03-2008	
	Amount - Rs.		Amount - Rs.	
Manufactured Goods		1,85,43,57,157		1,25,56,51,402
Traded Goods		9,36,43,328		3,06,93,896
		<u>1,94,80,00,485</u>		<u>1,28,63,45,298</u>



F. VALUE OF IMPORTS ON CIF BASIS

	01-04-2008 - 31-03-2009 Amount - Rs.	01-04-2007 - 31-03-2008 Amount - Rs.
1 Components & Spares	8,69,26,245	4,93,55,509
2 Capital Equipments	-	1,29,25,493
	8,69,26,245	6,22,81,002

G. EXPENDITURE IN FOREIGN CURRENCY

	01-04-2008 - 31-03-2009 Amount - Rs.	01-04-2007 - 31-03-2008 Amount - Rs.
Travelling Expenditure	2,67,598	5,05,127
Others	23,28,848	20,10,509
	25,96,446	25,15,636

H. EARNINGS IN FOREIGN CURRENCY

	01-04-2008 - 31-03-2009 Amount - Rs.	01-04-2007 - 31-03-2008 Amount - Rs.
Export of Goods on FOB Basis	15,02,45,777	17,29,10,270
Others (Freight, Insurance etc.)	15,01,409	53,65,610
	15,17,47,186	17,82,75,880

I. REMITTANCE IN FOREIGN CURRENCY DURING THE YEAR ON ACCOUNT OF DIVIDEND

	01-04-2008 - 31-03-2009 Rs.	01-04-2007 - 31-03-2008 Rs.
1 Amount Remitted (Net of Tax)	Rs.10,89,825	Rs.8,71,860
2 No. of Non Resident Shareholders	2	2
3 No. of Shares on Which Dividend was due	2,17,965	2,17,965
4 Year to which dividend was related	March 31, 2008	March 31, 2007

J. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL, COMPONENTS AND TRADED GOODS

CONSUMED		01-04-2008 - 31-03-2009		01-04-2007 - 31-03-2008	
		Amount - Rs.	Percentage	Amount - Rs.	Percentage
1	Imported	11,01,12,241	5.65%	4,40,97,396	3.43%
2	Indigenous	1,83,78,88,244	94.35%	1,24,22,47,902	96.57%
		1,94,80,00,485		1,28,63,45,298	

NOTES FORMING PART OF ACCOUNTS



K. DIRECTORS REMUNERATION INCLUDED IN SALARIES AND WAGES

Amount - Rs.

Remuneration to Managing Director/Wholetime Directors:

	2008-09	2007-08
Annual Salary @	20,30,999	16,02,555
Other Allowances	12,93,584	24,63,849
Company's Contribution to P.F. etc.	2,43,720	2,19,827
Commission @	25,84,303	15,26,588
	61,52,606	58,12,819

@ Salary paid to wholetime director i.e. Mr.A.T.Nahender during the year 2007-08 was for the period from April 2007 to 11th August 2007 and Commission on pro-rata basis and to Mr.B.C.S.lyengar salary paid was for the period from 28th August 2007 to 31st March 2008.

L. COMPUTATION OF NET PROFITS IN ACCORDANCE WITH SECTION 198 AND SECTION 349 OF THE COMPANIES ACT, 1956 AND THE COMMISSION PAYABLE TO THE DIRECTORS.

Amount - Rs.

	01-04-2008 - 31-03-2009	01-04-2007- 31-03-2008
a) MANAGING DIRECTOR:		
Profit before tax as per Profit & Loss Account	44,13,74,493	22,25,99,659
Add:		
Loss on sale of Assets	22,74,220	6,21,761
Directors Remuneration	61,52,605	58,12,819
Directors Sitting fees	3,60,000	3,22,500
	87,86,825	67,57,080
	45,01,61,319	22,93,56,739
Less:		
Profit on sale of Investments	-	14,70,834
Excess Credit balances/Provision written back	1,16,66,302	51,77,851
	43,84,95,017	22,27,08,054
1. Commission payable to Managing Director @ 1% of the Net profit subject to an amount equal to one and half times of annual salary drawn whichever is Lower	1% of the Net Profit One and half times annual salary drawn	22,27,081 8,73,362
2. Commission payable to Director (Operations) @ 1% of the Net profit subject to an amount equal to one and half times annual salary drawn whichever is Lower	1% of the Net Profit One and half times annual salary drawn	- 6,53,226
3. Commission payable to Deputy Managing Director @ 1% of the Net profit subject to an amount equal to annual salary drawn whichever is Lower	1% of the Net Profit Annual Salary	- -
4. Commission payable to Executive Director @ 1% of the Net profit subject to an amount equal to annual salary drawn whichever is Lower	1% of the Net Profit Annual Salary	- -

Note : Salary paid to the Managing Director w.e.f. 1st August 2008 and the commission payable for the year ended 31st March 2009 is subject to approval of shareholders at the Annual General Meeting.

NOTES FORMING PART OF ACCOUNTS



7 Consultancy and Legal charges includes: Amount - Rs.

	01-04-2008 - 31-03-2009		01-04-2007 - 31-03-2008	
1 Statutory Auditor's Remuneration				
Audit Fees	4,00,000		4,00,000	
Reimbursement of Expenses	49,440	4,49,440	82,307	4,82,307
2 Cost Auditor's Remuneration				
Audit Fees	75,000		75,000	
Certification	-		2,809	
Reimbursement of Expenses	21,237	96,237	14,798	92,607

8 DEFERRED TAXATION Amount - Rs.

	01-04-2008 - 31-03-2009		01-04-2007 - 31-03-2008	
Breakup of Deferred tax assets and Deferred tax liabilities arising on account of timing differences				
a) Deferred Tax Assets				
Share Issue Expenses	-		-	
Amalgamation expenses	-		7,315	
Expenses inadmissible	-		21,40,070	
Provision for Gratuity / Leave encashment dis-allowed u/s 43B	27,63,611		26,27,212	
Unabsorbed Depreciation				
		27,63,611		47,74,597
b) Deferred Tax Liabilities				
Provision for depreciation		3,69,94,194		3,86,52,418
c) Net deferred tax liability (b-a)		3,42,30,583		3,38,77,821

9 EARNINGS PER SHARE Amount - Rs.

	01-04-2008 - 31-03-2009		01-04-2007 - 31-03-2008	
Net Profit After Tax		289111234		14,40,25,220
No. of Equity shares outstanding		57,59,685		57,59,685
Basic Earning Per Share		50.20		25.01
Diluted Earning Per Share		50.20		25.01

10 RELATED PARTY TRANSACTIONS

a) Related Parties with whom transactions have taken place during the year

Associates :

- 1 Vinay Industries, Bangalore
- 2 India Garage, Chennai
- 3 India Garage Service Station, Bangalore
- 4 Rama Infotech, Bangalore
- 5 MHI-VST Diesel Engines Private Limited, Mysore

Key Management Personnel :

- 1 Mr. V.P. Mahendra
- 2 Mr. V.V. Pravindra
- 3 Mr. B.C.S. Iyengar

NOTES FORMING PART OF ACCOUNTS



Transactions with Related parties

	ASSOCIATES	KEY MANAGEMENT PERSONNEL	TOTAL
Machining of Components	1,01,31,568	-	1,01,31,568
Sales of Products and Spares	3,83,54,227	-	3,83,54,227
Supply of machined components and provide facilities for inspection of components	171,989		171,989
Purchase of fuel for company vehicles and computer software & maintenance services	14,31,706	-	14,31,706
Remuneration paid	-	61,52,605	61,52,605

Details of transactions with related parties during the period 01.04.2008 - 31.03.2009

Party	Nature of Transaction	Amount of Transaction	Outstanding as on 31-03-2009
1. VST Auto Ancillaries Pvt. Limited	Availing of services of machining of components	98,75,664	Nil
2. Vinay Industries	Availing of services of machining of components	2,55,904	75,555 Credit
3. India Garage Service Station	Sale of power tillers, tractors, diesel engines, attachments and spare parts etc.	3,83,54,227	26,53,123 Debit
4. India Garage Petrol Pump	Purchase of fuel for company vehicles	2,87,818	19,413 Credit
5. MHI-VST Diesel Engines Pvt. Limited	Supply of machined components and provide facilities for inspection of components	1,71,989	2,76,135 Credit
6. Rama Infotech	Availing computer software and maintenance services	11,43,888	30,498 Credit

II PROVISIONS

	Opening Balance	Paid/Reversed during the year	Provision during the year	Closing Balance
1 Employee Benefits	87,68,625	41,46,879	52,73,005	98,94,751
2 Warranty	37,12,856	37,12,856	42,62,868	42,62,868
	1,24,81,481	78,59,735	95,35,873	14157,619

12 EMPLOYEE BENEFITS

Consequent upon adoption of Accounting Standard on "Employee Benefits" (AS 15) (Revised 2005) issued by the Institute of Chartered Accountants of India, as required by the Standard, the following disclosures are made:

Defined Contribution Plan:

Amount - Rs.

Contribution to Defined Contribution Plan recognised as an expense for the year as under

	2008-09	2007-08
Employer's Contribution to Provident Fund	63,00,222	63,87,802

Defined Benefit Plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2008-09	2007-08	2008-09	2007-08
Obligation as at the beginning of the year	3,74,21,373	3,25,51,489	77,29,366	73,64,348
Current Service Cost	36,25,431	65,62,739	10,35,267	24,62,375
Interest Cost	25,62,374	24,33,889	5,21,136	4,96,478
Actuarial Gain/(Loss)	(14,01,890)	1,29,007	(12,65,119)	(2,77,094)
Benefits paid	(16,32,047)	(42,55,751)	(5,69,126)	(23,16,741)
Obligations as at the end of the year	4,05,75,241	3,74,21,373	74,51,524	77,29,366



	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2008-09	2007-08	2008-09	2007-08
Change in plan assets				
Plan assets as at the beginning of the year	3,65,48,101	2,53,79,840		
Expected return on plan assets	27,75,464	23,79,086		
Actuarial Gain/(loss)	5,19,653	71,704		
Contributions	61,26,047	1,29,73,222	5,69,126	23,16,741
Benefits Paid	(16,32,047)	(42,55,751)	(5,69,126)	(23,16,741)
Plan assets as at the end of the year	4,02,35,418	3,65,48,101	-	-

Reconciliation of present value of the obligation and the fair value of plan assets

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2008-09	2007-08	2008-09	2007-08
Fair value of plan assets at the end of the year	4,02,35,418	3,65,48,101	-	-
Present value of the defined benefit obligations at the end of the year	4,05,75,241	3,74,21,373	74,51,524	77,29,366
Amount recognised in the Balance Sheet	3,39,823	8,73,272	74,51,524	77,29,366
Actual return on plan assets	24,50,789	24,50,789	-	-
Cost for the year				
Current service cost	36,25,431	65,62,739	10,35,267	24,62,375
Interest cost	25,62,374	24,33,889	5,21,136	4,96,478
Expected return on plan assets	(27,75,464)	(23,79,086)	-	-
Actuarial (Gain)/Loss	(19,21,543)	57,303	(12,65,119)	(2,77,094)
Net cost recognised in the Profit and Loss Account	14,90,798	66,74,845	2,91,284	26,81,759

The gratuity and leave encashment expenses have been shown in contribution to funds under Schedule 17.

Actuarial assumptions

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2008-09	2007-08	2008-09	2007-08
Mortality Table(LIC)	1994-96	1994-96	1994-96	1994-96
	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Interest rate	7%	8%	7%	8%
Estimated rate of return on plan assets	8%	8%	8%	8%
Expected rate of increase in salary	5%	5%	5%	5%

Note: 1. The estimates of future salary increases considered in actuarial valuations take account of inflation, seniority, promotions and other relevant factors such as supply and demand factors in the employment market.

2. Gratuity Liability in case of employees of Precision Components Division, Mysore are unfunded and the gratuity liability for the year was Rs.3,91,036 and the cumulative liability as on 31st March 2009 was Rs.14,30,295.



I. REGISTRATION DETAILS

Registration No	1706	State Code	08
Balance Sheet Date	31/03/2009		

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)

Total Liabilities	10,26,767	Total Assets	10,26,767
Sources of Funds			
Paidup Capital	57,597	Reserves and Surplus	8,63,562
Secured Loans	5,647	Unsecured Loans	65,730
Deferred Tax Liability	34,231		
Application of Funds			
Net Fixed Assets	3,86,457	Investments	50,000
Net Current Assets	5,86,786	Miscellaneous Expenditure	3,524

IV. PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)

Turnover	27,41,360	Total Expenditure	23,48,213
Profit Before Tax	441,374	Profit After Tax	289,111
Earning per Share (Rs.)	50.20	Dividend	

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

(as per monetary terms)

Item Code No (ITC Code)	84328090	Item Code No (ITC Code)	84099990
Product Description	POWER TILLER	Product Description	DIESEL ENGINE-COMPONENTS
Item Code No (ITC Code)	87019010		
Product Description	TRACTOR		

V.P. Mahendra
Managing Director & CEO

V. Ramachandran
Director

As per our report of even date
For **BRAHMAYYA & CO.**
Chartered Accountants

Place : Bangalore
Dated : 26th June, 2009

Subash B.K.
Company Secretary

G.Srinivas
Partner
Membership No.086761

CASHFLOW STATEMENT



for the year ended

	31-03-2009	31-03-2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax	44,13,74,493	22,25,99,659
Adjustments for Extraordinary items :		
Employee seperation expenses written off	35,23,775	37,56,060
Preliminary Expenses Written off	-	-
Bad debts / Sundry balances written off	18,47,157	-
Provision for diminution of investments	-	-
Loss on sale of Investments / Assets	22,74,220	6,21,761
Sundry credit balances written back	(1,16,66,302)	(61,77,851)
Profit on sale of Investments / Assets	-	(14,70,834)
Net Profit/(Loss) Before Tax and Extraordinary items	43,73,53,343	219,328,795
Depreciation	2,81,49,745	2,89,93,059
Investments / Interest / Dividend Income	(1,10,67,976)	(45,61,911)
Interest	52,97,747	53,38,233
	2,23,79,516	2,97,69,381
Operating Profit Before Working Capital Changes	45,97,32,859	24,90,98,176
Adjustments for :		
Trade and Other Receivables	(9,61,09,018)	(6,21,24,229)
Inventories	(17,57,20,750)	(7,03,29,000)
Trade and Other Payables	13,73,13,576	8,77,67,156
	(13,45,16,192)	(4,46,86,074)
Cash Generated from Operations	32,52,16,667	20,44,12,102
Direct Taxes Paid	(14,63,58,350)	(8,09,70,653)
Cash Flow Before Extraordinary Items	17,88,58,317	12,34,41,449
Net Cash from Operating Activities (A)	17,88,58,317	12,34,41,449
CASH FLOW FROM INVESTING ACTIVITIES		
B. Purchase of Fixed Assets	(12,09,73,705)	(5,10,23,320)
Sale of Fixed Assets	7,94,509	1,9,13,490
Purchase of Investments	(85,00,000)	(5,75,00,000)
Sale of Investments	33,54,400	2,34,70,834
Interest Received	1,08,31,921	50,28,010
Net Cash used in Investing Activities (B)	(11,44,92,875)	(7,81,10,987)
CASH FLOW FROM FINANCING ACTIVITIES		
C. Proceeds from Issue of Share Capital	-	-
Proceeds from Short and Long Term Borrowings	(78,19,938)	11,25,311
Interest Paid	(52,97,747)	(53,38,233)
Dividend Paid	(3,35,34,433)	(2,64,60,107)
Net Cash used in Financing Activities (C)	(4,66,52,118)	(3,06,73,029)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,77,13,324	1,46,57,433
CASH AND CASH EQUIVALENTS-OPENING BALANCE	16,96,74,585	15,50,17,152
CASH AND CASH EQUIVALENTS-CLOSING BALANCE	18,73,87,909	16,96,74,585

V.P. Mahendra
Managing Director & CEO

V. Ramachandran
Director

As per our report of even date
For **BRAHMAYYA & CO.**
Chartered Accountants

Place : Bangalore
Dated : 26th June, 2009

Subash B.K.
Company Secretary

G.Srinivas
Partner
Membership No.086761

NOTES

A series of horizontal dotted lines for writing notes.

NOTICE



“NOTICE IS HEREBY GIVEN that the 41st Annual General Meeting of VST TILLERS TRACTORS LTD will be held at Woodlands Hotel Pvt. Ltd. No.5, Rajaram Mohan Roy Road, Bangalore – 560 025 on August 21, 2009 at 3.00 P.M. to transact the following business.

Ordinary Business:

1. To receive, consider, approve, and adopt the audited Balance Sheet as at March 31, 2009, Profit and Loss account and Cash Flow Statement for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. R. Subramanian, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. M. K. Bannerjee, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

Special Business:

Item No. 6 To consider and if thought fit, to pass with or without modification(s) the following resolution as ORDINARY RESOLUTION.

“RESOLVED THAT Mr. K K Rai who was appointed as an Additional Director with effect from the conclusion of the Board of Directors held on May 26, 2009 pursuant to provisions of Section 260 of the Companies Act, 1956 and who holds office upto the date of this AGM and in respect of whom the Company has received a notice in writing u/s.257 of the Companies Act, 1956 from a member proposing his candidature for office of Director, be and is hereby appointed as Director liable to retire by rotation.”

Item No. 7 To consider and if thought fit, to pass with or without modification(s) the following resolution as SPECIAL RESOLUTION.

“RESOLVED THAT pursuant to the provisions of Article 29 of the Articles of Association of the Company and Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such consents, approvals and permissions as may be required,

Mr. V. P. Mahendra be and is hereby re-appointed as the Managing Director of the Company not liable to retire by rotation for a period of five years with effect from February 20, 2009 at the existing remuneration and terms and conditions mentioned below:

SALARY

Rs.1,00,000/- per month in the scale of Rs.1,00,000 - 5000.

PERQUISITES

In addition to salary, the following perquisites are allowed and classified into four categories, “A”, “B”, “C” and “D” as follows: -

CATEGORY – A

- a) Medical Reimbursement - Expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' salary over a period of three years.
- b) Leave Travel Allowance - for self and family once in a year not exceeding two months basic salary.
- c) Club Fees – Re-imbusement of monthly club fees for a maximum of two clubs.
- d) Medical Insurance Premium for Spouse & Children: Actuals subject to a limit of Rs.5,000/- per annum.
- e) Furnishing & Other Allowance – Reimbursement up to Rs.50,000/- (Rupees fifty thousand only) per annum or Rs.2,00,000/- (Rupees two lakhs only) over a period of four years towards furnishing/ repair/ maintenance of own house.
- f) Fuel Allowance for car: To & Fro from Residence to Office on actual basis.

Note: For the purpose of this Part, “family” means the spouse and children of the Managing Director.

CATEGORY – B

- a) Contribution to Provident Fund will not be included in the computation of the ceiling on perquisites to the extent it is not taxable under the Income-tax Act.
- b) Gratuity payable shall not exceed one half month's salary for each completed year of service subject to a ceiling specified in the Gratuity Act.

NOTICE



- c) Earned / Privilege Leave shall be allowed to the Managing Director on full pay and allowances according to the rules of the Company but not more than 37 (thirty seven) days leave for every 12 (twelve) months service. However, leave accumulated but not availed of will be allowed to be en-cashed.

CATEGORY – C

Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites.

CATEGORY – D

COMMISSION

One percent on the net profit of the Company subject to a maximum of one and half times annual salary drawn.

“RESOLVED FURTHER THAT in the case of absence or inadequacy of profits in any financial year, the above remuneration be paid to the Managing Director as the minimum remuneration”.

“FURTHER RESOLVED THAT Mr. Subash B K, Company Secretary be and is hereby authorized to sign and file necessary returns in this regard.”

Item No 8 :

To consider and, if thought fit, to pass with or without modification, the following resolution as **Ordinary Resolution** :

“RESOLVED THAT pursuant to provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), Clause V of the Memorandum of Association of the Company be hereafter replaced by the following Clause V.

- i) The authorized capital of the Company is Rs.10,00,00,000/- (Rupees Ten Crores only) divided into 1,00,00,000 equity shares of Rs.10/- (Rupees Ten only) each, as authorized by the Articles of Association of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as may be deemed necessary in this regard.”

Item No 9 :

To consider and, if thought fit, to pass with or without modification, the following resolution as **Special Resolution** :

“RESOLVED THAT pursuant to provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), A new Article No. 22 B be inserted in the Articles of Association of the Company.

Subject to the provisions of the Act and these Articles, no dividend shall be payable except in cash.

Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purposes of issuing fully paid up Bonus Share or paying up any amount for the time being unpaid on any shares held by the Members of the Company.

CAPITALISATION

- (1) Any General Meeting may, upon the recommendation of the Board, resolve that any moneys standing to the credit of the Share Premium Account or Capital Redemption Reserve Account or any money, investments or other assets forming part of the undivided profits of the Company (including profits or surplus moneys realised on sale of capital assets of the Company) standing to the credit fund or reserve of the Company or in the hands of the Company and available for dividend be capitalised and distributed:
- (a) By the issue and distribution, among the holders of the shares of the Company or any of them on the footing that they become entitled thereto as capital in accordance with their respective rights and interests and in proportion to the amount paid or credited as paid thereon of paid up shares of the Company.
- (2) The Board shall give effect to such resolution and apply such portion of the profits or Reserve Fund or any other fund as may be required for the purposes of making payments in full or in part for the shares, of the Company so distributed

NOTICE



provided that no such distribution or payment shall be made unless recommended by the Board

NOTICE



NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The proxies to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
3. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business under item no. 6 to 10 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will be closed from August 11, 2009 to August 12, 2009 (both days inclusive) in connection with Annual General Meeting.
5. Dividend if declared shall be payable to all those members whose names appear in the register of members or to the beneficial owners as per the records of the depositories, at the closing of business hours on August 10, 2009.
6. Bonus issue if approved shall be allotted to all those members whose names appear in the register of members or to the beneficial owners as per the records of the depositories, on the record date to be fixed by the Board.
7. Members desirous of obtaining any information on the annual accounts are requested to write to the Company at an early date to facilitate compilation and dissemination of the same at the AGM.

By the Order of the Board
for **VST TILLERS TRACTORS LTD.**

Sd/-

Place: Bangalore
Date: June 26, 2009

Subash B K
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF COMPANIES ACT, 1956

Item No. 6

Mr. K K Rai was appointed as an Additional Director of the Company by the Board of Directors w.e.f. May 26, 2009. Pursuant to Section 260 of the Companies Act, 1956, Mr. K K Rai holds office only up to the date of Annual General Meeting. As required under section 257 of the said Act, a notice has been received from a member signifying his intention to propose Mr. K K Rai as a candidate for the office of Independent Director.

Mr. K K Rai holds the position of Independent Director on the Boards of:

1. Techno Electric and Engineering Company Limited, Kolkotta
2. UB Engineering Limited, Pune
3. Kemrock Industries & Exports Limited, Vadodara
4. Canara Bank Securities Limited, Mumbai
5. Mr. Rai is a retired Banking professional having over four decades of Banking experience. He held top level positions in Vijaya Bank at various locations and in different capacities. He retired as the Executive Director of Allahabad Bank, Kolkata, where he officiated as the CMD of the Bank for almost three quarters continuously

Past Positions:

Independent Director on the Boards of:

1. Ramsarup Industries Limited, Kolkotta
2. Canara Robecco Mutual Fund, Mumbai

Served as Nominee Director for:

1. UTI on the Board of Viceroy Hotels Limited, Hyderabad
2. IDBI on the Board of Andhra Pradesh Paper Mills Ltd, Hyderabad
3. ICICI on the Board of ISMT Limited, Pune

The Board considering that the Company can benefit from the rich and vast experience of Mr. K K Rai recommends the resolution for approval as set out under item no. 6

None of the Directors except Mr. K K Rai, is concerned or interested in the said resolution.

NOTICE



Item No.7

Mr.V.P.Mahendra (67 years) was initially appointed by the Shareholders as Managing Director of the Company for 5 years during November 1988. Subsequently, he was re-appointed on three terms of five years each during July 1994, August 1999 and February 2004. His last term of office expired on 19th February 2009.

The Board in its Meeting held 28th January 2009 re-appointed him for five years effective from 20th February 2009 subject to the approval of the shareholders in the General Meeting on the terms and conditions as per above resolution.

Mr.V.P.Mahendra is an Electrical Engineering Graduate from the Bangalore University and has worked in various capacities in the Company since its inception and has contributed significantly towards the growth of the Company.

The Board of Directors are of the opinion that it would be in the best interest of the Company to re-appoint Mr.V.P.Mahendra for another term of 5 years and thus recommend the resolution for approval.

None of the Directors except Mr.V.P.Mahendra, is concerned or interested in the said resolution.

Items 8, 9 and 10

Within the guidelines prescribed by Securities and Exchange Board of India (SEBI), for capitalisation of reserves and in order to bring the paid up capital of the Company more in line with the capital employed, the Board of Directors at its meeting held on June 26, 2009 recommended an issue of Bonus Shares in the proportion of 1 (one) new Equity Share of Rs.10/- each for every 2 (two) existing Equity Share of the Company of Rs.10/- each held by the Members on a date to be fixed by the Board, by capitalizing a part of the General Reserve.

As per new Article 22 B of the Articles of Association of the Company, it is necessary for the members to approve the issue of Bonus Shares.

It is also necessary to authorize the Board of Directors of the Company to complete all the regulatory formalities in connection with the issue of Bonus Shares that may be prescribed by SEBI, the Stock Exchanges on which the Company's securities are listed and / or any other regulatory authority.

In order to facilitate the capitalization of reserves as set out in the Resolution at Item No. 10 of the Notice, the Authorised Share Capital of the Company is being increased from Rs.7,00,00,000/- divided into 60,00,000 Equity Shares of Rs.10/- each & 10,00,000 redeemable preference shares of Rs.10 each to Rs.10,00,00,000/- divided into 1,00,00,000 Equity Shares of Rs.10/- each

Clause V of the Memorandum of Association is proposed to be altered and new Article 22 B in the Articles of Association of the Company is proposed to be included.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company.

The Resolutions at Item Nos. 8 to 10 seek the approval of the members to increase the Authorized Share Capital, alter the Memorandum and Articles of Association and issue Bonus Shares on the terms and conditions set out in Resolution at Item No. 10. The Board recommends the Resolutions set forth in Item Nos. 8 to 10 above for approval of the shareholders.

The Directors of the Company may be deemed to be concerned or interested in the issue of the Bonus Shares to the extent of their shareholdings in the Company, or to the extent of the shareholdings of the companies/institutions/ trusts of which they are directors or members or trustees without any beneficial interest.



V.S.T. TILLERS TRACTORS LIMITED

Regd. Office : Plot No.1, Dyavasandra Industrial Layout
P.B. No.4801, Whitefield Road, Mahadevapura Post,
Bangalore - 560 048

Name of Proxy

Attendance Slip

41st

Annual General Meeting

Friday, the 21st August, 2009

at Woodlands Hotel Pvt. Ltd.
No.5, Rajaram Mohan Roy Road
Bangalore - 560 025

Folio No.	
CLIENT ID No.	
DP ID No.	
No. of Shares	

Signature of Member / proxy



V.S.T. TILLERS TRACTORS LIMITED

Regd. Office : Plot No.1, Dyavasandra Industrial Layout
P.B. No.4801, Whitefield Road, Mahadevapura Post,
Bangalore - 560 048

Proxy Form	Folio No.	
	CLIENT ID No.	
Proxy No.	DP ID No.	
Date of Receipt	No. of Shares	

I/We

of.....in the district of.....being a member / members of V.S.T. Tillers Tractors Limited hereby appoint..... of.....in the district of.....or failing himof.....in the district of.....as my / our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at "Krishna Hall", Hotel Woodlands Hotel Pvt. Ltd., No.5, Rajaram Mohan Roy Road, Bangalore - 560 025 on Friday, the 21st August, 2009 at 3.00 P.M. and at any adjournment thereof.

Date :

Signature of member

Affix Re. 1-00.
Revenue Stamp

The Proxy form duly completed must reach the Registered Office atleast 48 hours before the commencement of the meeting.